

INFORMATION PAPER CFO ISSUES – FY 2000 AUDIT

Issue: Reconcile Real Property

References:

CECS memo dated 10 May 94, subject: Reconciliation of Real Property Inventory

CEAO memo dated 01 Aug 96, subject: Real Property Inventory/Reconciliation Guidance for Chief Financial Officers (CFO) Act Responsibilities

CERM-F memo dated 29 Sep 97, subject: Revised Capitalization Guidance for Civil Works Personal Property

Asset Management Reconciliation of Costs by REMIS/CEFMS Guidance dated 8 Mar 96 (a copy can be obtained from the Real Estate Corporate Information Network website <http://sad21.sad.usace.army.mil:1888/>)

CERE-PS memo dated 12 Nov 98, subject: CFO Issues that Impact Real Estate 96 (a copy can be obtained from the Real Estate Corporate Information Network website <http://sad21.sad.usace.army.mil:1888/>)

COL Hutchison e-mail message dated 11 Dec 98, subject: Proposed (revised) E-mail on Real Property Work Group Meetings with attached CEAO MFR dated 8 Dec 98.

CERE-PS memo dated 9 Feb 99, subject: CFO Issues that Impact Real Estate (2) 96 (a copy can be obtained from the Real Estate Corporate Information Network website <http://sad21.sad.usace.army.mil:1888/>)

Description: Real property reconciliation is the review of the real property records to ensure the cost of inventory items are reconciled against the capitalized project costs captured in the accounting system general ledger financial records. Real property consists of lands and capital improvements to land; buildings (other than portable ones); structures; roads; railways; and permanent utility systems. Structures such as jetties, levees, river bank erosion mats, seawalls, etc. that were built by USACE on land not owned, but maintained and possibly operated, by USACE are also included as real property assets.

The reconciliation process should be accomplished annually at a minimum to ensure that any real property additions, corrections or disposals are accurately captured in the real property records and the accounting system. A multi-disciplined group consisting mainly of Resource Management (Lead), Real Estate, Operations, Internal Review (Assistance Role) and other organizations as required to assist the process should accomplish the reconciliation.

Requirements for Compliance:

Standard: Subsidiary ledger must reconcile with the general ledgers 1710 (Land), 1730 (Buildings), 1740 (Other Structures and Facilities).

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Field Action(s): Run the RECONAST - asset cost versus real property reconciliation; RECININSV - real property reconciliation report (Not Placed in Service); RECINSV - real property reconciliation report (Placed in Service); CEFMSEXC-CEFMS real property exception report (Property in CEFMS not REMIS); and REMISEXC - real property exception report (REMIS cost different from CEFMS cost). Reconcile differences between REMIS and CEFMS. Place all capital assets in service. Ensure depreciation is properly recorded. The District Internal Review Office will validate reconciliation.

Self-Assessment Rating Criteria:

Green: Subsidiary ledger reconciles with the general ledgers 1710 (Land), 1730 (Buildings), 1740 (Other Structures and Facilities) and is validated by the local Internal Review (IR) Office.

HQUSACE Actions: CERM-F will add a chapter on capitalization of Civil Works property, plant and equipment in ER 37-2-10.

Milestones:

HQUSACE – 31 March 2000

Districts/divisions/FOAs - 30 September 1999

Estimated Completion Date: 31 March 2000

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